

WASHINGTON, DC - Yesterday, Ways and Means Health Subcommittee Chair Rep. Nancy Johnson (R-CT) announced the House Republican prescription drug benefit in a speech to the American College of Emergency Physicians.

Ways and Means Health Subcommittee Ranking Member Rep. Pete Stark (D-CA) denounced the forthcoming Republican prescription drug bill as a sham.

“You can do the math yourself,” said Stark. “Based on the details put forth by Rep. Nancy Johnson, the Republican drug plan will only cover 21.5% of the prescription drug costs for Medicare beneficiaries with average drug spending – and only 15% of the cost for beneficiaries who rely most heavily on prescription medications. Despite all of the Republican rhetoric, that isn’t the same coverage we get as members of Congress – it falls far, far short,” Stark said.

“Seniors beware. The evidence is right before you. This is not a drug benefit that meets anyone’s needs. Don’t be hoodwinked into believing otherwise,” concluded Rep. Stark.

The following chart explains the calculations used above.

Republican plan in 108th Congress, as described by Rep. Nancy Johnson:

- \$35 monthly premium
- \$250 annual deductible
- 20% coinsurance on first \$1,000 (after deductible)
- 50% coinsurance next \$1,000 (\$2,000 in total drug spending)
- 100% coinsurance (no coverage) for all spending above \$2,000 until beneficiary reaches the out of pocket cap
- \$3,700 annual out of pocket cap (\$4,800 in total drug spending) for some beneficiaries; others may be subject to a higher cap due to higher income

Beneficiary who needs catastrophic coverage gets only 14.2% subsidy under GOP plan:

Beneficiaries need to use \$4,800 worth of drugs to get catastrophic coverage under the benefit described above. Unfortunately, the Republican plan would pay for just 14.2 percent:

\$420 premium
\$250 deductible
\$150 20% of drug spending between \$251-1,000
\$500 50% of drug spending between \$1,000-2,000
\$2,800 100% of drug spending between \$2,000-4,800 (spending above \$2,000 to meet \$3,700 out-of-pocket limit)

$\$4,120$ (total beneficiary spending) / $\$4,800$ (total drug spending) = 85.8% paid by beneficiary,
14.2% paid by government

Average beneficiary gets only 21.5% subsidy under GOP plan:

According to CBO, the average beneficiary will need \$3,155 worth of prescription drugs in 2006. Unfortunately, the Republican plan would pay for just 21.5 percent:

\$420 premium
\$250 deductible
\$150 20% of drug spending between \$251-1,000
\$500 50% of drug spending between \$1,000-2,000
\$1,155 100% of drug spending between \$2,000-\$3,155 (spending above \$2,000 while in "gap")

$\$2,475$ (total beneficiary spending) / $\$3,155$ (total drug spending) = 78.5% paid by beneficiary,

21.5% paid by government

